

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4029-02
BILL NO.: HB 1845
SUBJECT: Education, Elementary and Secondary: Charter Schools
TYPE: Original
DATE: April 20, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$906,728)	(\$933,930)	(\$906,728)
Total Estimated Net Effect on <u>All</u> State Funds	(\$906,728)	(\$933,930)	(\$906,728)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as approximately 4 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$22.50. The estimated cost of a page in the Code of State Regulations is \$26.50. The actual costs could be more or less the SOS's estimated cost of \$241 for FY 2001. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn. **Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from **Linn State Technical College, Moberly Area Community College** and **Missouri Western State College** assume the proposal would result in no fiscal impact to the institutions.

Officials from **Truman State University** state they are unable to determine the fiscal impact since the cost of the proposed duties in exchange for the 3% per pupil funding cannot be calculated.

Officials from **Central Missouri State University** assume there would be approximately 1,905 students enrolled in charter schools which CMSU sponsors in FY 2001: $1,905 \times \$5,200 = \$9,906,000$ $\times .03 = \$297,180$.

Officials from the **University of Missouri** assume the cost of chartering a single school would be \$226,000, consisting of a coordinator of charter school support, a secretary, supplies and equipment, two staff persons at each charter school. Each additional charter school, up to five, would cost \$98,000.

Officials from **Harris-Stowe State College** assume that for each school sponsored they would need .5 FTE Support Coordinator (\$30,000), .25 FTE Assistant Support Coordinator (\$11,000), and .25 FTE Secretary (\$6,000). Associated expense and equipment would also be needed, totaling approximately \$20,000 annually.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** estimate the fiscal impact as follows:

Assuming that only line 1 is used for the calculation, the cost for fiscal year 2001 for these support funds is estimated based on 1999-2000 actual enrollments in Kansas City, the anticipated enrollments at two Kansas City charters scheduled to open in the fall of 2000, an estimated potential enrollment in at least two charters in the St. Louis school district and the FY00 amount per eligible pupil. The estimate is based on line 1 monies only:

<u>Kansas City</u>		
(a)	\$5,104 per pupil amount x 3% = \$153.12 per pupil	
(b)	\$153.12 per pupil x 4,740 charter students =	\$725,788.80
 <u>St. Louis</u>		
_____ (a)	\$5,642 per pupil amount x 3% = \$169.26 per pupil	
(b)	\$169.26 per pupil x 1,069 charter students =	<u>\$180,938.94</u>
_____	Total Estimated Fiscal	
	Impact to State of Missouri	\$906,727.74

The fiscal impact of this item will continue to grow as the number of students enrolled in charter schools increases as new sites open. The rate of growth is not known; however, 3% growth is assumed for purposes of this fiscal note.

FY 2001 \$906,728
FY 2002 \$933,930
FY 2003 \$961,948

This is assumed to be an impact to the General Revenue Fund for purposes of this fiscal note. DESE officials assume no fiscal impact would result to local public school districts.

The **Oversight Division** has included DESE's estimate in the fiscal impact section, assuming it includes an estimate for the entire state.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost-Department of Elementary and Secondary Education (DESE)</u>			
Charter School Sponsor Per Pupil Funding	(\$906,728)	(\$933,930)	(\$961,948)
<u>Income-Higher Education Institutions</u>			
Charter School Sponsor Per Pupil Funding	\$0 to \$906,728	\$0 to \$933,930	\$0 to \$961,948
<u>Cost-Higher Education Institutions</u>			
Charter School Sponsor Costs	(\$0 to \$906,728)	(\$0 to \$933,930)	(\$0 to \$961,948)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$906,728)</u>	<u>(\$933,930)</u>	<u>(\$961,948)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
COMMUNITY COLLEGES			
<u>Income-Community Colleges</u>			
Charter School Sponsor Per Pupil Funding	\$0 to \$906,728	\$0 to \$933,930	\$0 to \$961,948
<u>Cost-Community Colleges</u>			
Charter School Sponsor Costs	(\$0 to \$906,728)	(\$0 to \$933,930)	(\$0 to \$961,948)
ESTIMATED NET EFFECT ON COMMUNITY COLLEGES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

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DESCRIPTION

Any university, college or community college sponsoring a charter school could elect to receive funding from DESE for its duties as a sponsor of a charter school. The sponsor would receive an amount equal to 3% of the per pupil funding to which the charter school is entitled. The amount would be paid to the sponsor by DESE and would not be subtracted from the aid paid to the charter school. In exchange for receipt of support funds, a charter school sponsor would be required to comply with certain duties.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Secretary of State's Office
Central Missouri State University
Missouri Western State College
Harris-Stowe State College
Linn State Technical College
University of Missouri
Truman State University
Moberly Area Community College



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Director
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